

OPEN MARKET SALES SCHEME (DOMESTIC) :

In addition to maintaining buffer stocks and for making a provision for meeting the requirement of the TPDS and other Welfare Schemes, FCI on the instructions from the Government sells wheat at predetermined prices in the open market from time to time to enhance the supply of wheat especially during the lean season and thereby to moderate the open market prices especially in the deficit regions. Wheat and Rice are also allocated to State Govts. for retail sale through non-PDS Channels under OMSS.

OMSS sale for year 2014-15

For the current year i.e. 2014-15, on 25.7.2014, Govt. has allocated 100 Lakh tonnes of wheat for tender sale till 31.03.2015 (including delivery period) to bulk consumers/ private traders. The sale will be carried out by FCI through e-auctions only.

For last couple of years Government has been making an attempt to fix OMSS prices in such a way that bulk user do not become totally dependent of OMSS sale for their operation and purchase some of their requirement directly from the farmers so that competitiveness increases in the market and farmers get better price in the open market. This helps in optimizing the level of Government procurement also, which is necessary in view of huge surplus in Central Pool. If the OMSS reserve prices are fixed close to MSP, bulk users do not have any incentive to purchase their requirements from farmers and if the reserve prices are fixed close to economic cost, inflationary effect will be too high as OMSS reserve prices act as benchmark for open market prices. Therefore, the reserve prices needs to be carefully fixed between MSP and economic cost. Efforts of the Government in this regard during last 2 seasons have produced results and bulk users are now purchasing part of their requirement directly from farmers and this has reduced over all level of procurement for the Central Pool and subsidy burden on Government of India.

In 2014-15, the Government has, for the first time, adopted a different reserve price for the fresh stocks of wheat and old stocks under OMSS(D). The reserve price for stock of RMS 2014-15 has been fixed at Rs.1570 per quintal for the States of Punjab, Haryana and Madhya Pradesh and for other States by adding the freight / road transportation charges ex-Ludhiana to the concerned depots of sale into it. For the older stock of wheat the reserve price has been fixed at Rs.1500 per quintal.

The sale of wheat under the Scheme has started in the first week of August, 2014 and till 3rd weekly tender of January, 2015 a quantity of 29.42 lakh tonnes of wheat has been sold.